

Maine Department of Human Services
Bureau of Medical Services



Annual Report to the State Legislature



SFY 2003



Department of Human Services
Peter Walsh, Acting Commissioner

Bureau of Medical Services
Christine Zukas-Lessard, Acting Director

Acting Deputy Director
Marianne Ringel

Assistant Director
James H. Lewis

Director, Licensing and Certification Division
Louis Dorogi

Hospital Licensing/Certification
CNA Registry
CLIA
OASIS
Long Term Care Licensing/Certification

Acting Director, Policy and Provider Services Division
Donna Lerman

MaineCare Information and Research Unit (Inquiry)
Provider Relations Unit
Provider File
Policy Unit

Director, Financial Services Division
Robert Boschen

Acute & Long Term Care Financing
Third Party Liability and Recovery
Certificate of Need
Claims Management

Director, Health Care Management and Member Services Division
Jude Walsh

Surveillance and Utilization Review
Case Mix / Medical Eligibility
Professional Claims Review
Quality Management
Prevention, Education, and Health Promotion
Pharmacy Benefits
Clinical Consultants

Director, Research and Resource Development
Mark Greenfield

Research
Resource Development Unit

Annual Report–SFY 2003

TABLE OF CONTENTS

Overview of MaineCare	1
Enrollment	1
New Populations	2
Coverage for Uninsured Adults	2
Coverage for People Living with HIV/AIDS	2-3
Healthy Maine Prescriptions Waiver	3
Overall Enrollment Trends	3
Covered Services, the Cost of Care and the Providers of Service	4-10
Covered Services	4-5
The Cost of Care	5-9
Provider Participation	10
Focus On Quality	11-12
MaineCare Member Services	11
MaineCare Managed Care	11
Appropriate Use of Narcotics and Pain Management	11-12
Coordination with State Employees' Health Program	12
Preparing for a New Claims Management System	13-14
Moving from Paper to Electronic Interface	13
HIPAA (Health Insurance Portability and Accountability Act)	13-14
MaineCare Provider Information	14
Making the Transition	14
Operations and Organization	15-17
What We Do	15-16
Organization	16-17
The MaineCare Advisory Committee	17
Future Plans	18-19
Merger with the Department of Behavioral and Developmental Services	18
Coordination with Dirigo Health	18-19
Focus on Community Based Services	19

Overview of MaineCare

MaineCare is a health insurance program funded jointly by the federal government (the Centers for Medicare and Medicaid Services (CMS)) and the states. MaineCare is administered by the State in compliance with federal laws and regulations. Through Title XIX and XXI of the Social Security Act, MaineCare has been provided for Maine citizens who are elderly, disabled or of low income.

Each state's program varies in eligibility, services covered, limitations on services and reimbursement levels. MaineCare services are funded by a federally determined formula that combines state and federal revenues at an approximate 34% State and 66% Federal dollar split.

The Department of Human Services (DHS) is the Single State Agency for the MaineCare Program. However, DHS works with several other state agencies to ensure appropriate identification of services for which federal funding can be claimed, and to ensure that experts in each field participate in defining and administering covered services. The Department of Behavioral and Developmental Services provides assistance with the behavioral health benefits covered by MaineCare; the Department of Labor with consumer directed attendant services and the Department of Education with services provided in conjunction with the educational system.

Enrollment

Enrollment in MaineCare has been increasing steadily since 1998 after experiencing a drop in the total number of members in 1996 and 1997. This increased enrollment is a result of the efforts of the State Legislature and the Department to cover new categories of members in order to reduce the number of people in Maine without health insurance.

Year	SFY 94	SFY 95	SFY 96	SFY 97	SFY 98	SFY 99	SFY 00	SFY01	SFY02	SFY03
Unique Members	190,453	188,045	185,043	182,081	188,686	195,908	204,058	264,761	342,710	289,696
% Change	-0.60%	-1.26%	-1.60%	-1.60%	3.63%	3.83%	4.16%	29.75%	29.44%	21.60%

Individuals may apply for MaineCare either by mail or at a Department of Human Services regional office. The Department has several application forms, including a one-page application for families with children and pregnant women and a single TANF/MaineCare application. The one-page application has been translated into 11 foreign languages.

New Populations

Maine has been in the forefront of states applying to the federal government for “waivers” of federal rules that can block access to care. Maine has had three such waivers approved.

Coverage for Uninsured Adults

In August of 2002 the Department of Human Services received final approval from the federal government to expand MaineCare to cover adults at or below the poverty level who do not have dependent children. Enrollment into the waiver began October 1, 2002.

Federal Medicaid rules normally exclude childless adults between the ages of 21 and 65 who are not disabled, a group often referred to as “non-categoricals.” Approval of the waiver allows MaineCare to cover 17,176 people as of November, 2003 in this group.

This MaineCare coverage allows this group of people to seek preventive medical care rather than waiting until a medical emergency exists before seeking help. By the time an emergency exists, it is often more expensive to treat the medical condition. This coverage also provides access to reimbursement for behavioral and mental health services, some of which was previously being funded solely by the state, in addition to many other benefits such as physician care and prescription drug coverage.

In an effort to learn more about the health care needs of this underserved population, a survey is distributed to each new enrollee. Results showed:

- 75% of these members are between the ages of 21 and 48.
- A majority of respondents (83%) had a place they identified as a medical home; a person with a medical home was 3.65 times more likely to get a routine exam than a person without one.
- The gender distribution is 55% male and 45% female.
- Almost half (49.5%) of respondents indicated they either chew or smoke tobacco.
- 34.7% of respondents indicated they were more than 30 pounds overweight.
- 72.7% of respondents indicated they exercise on a regular basis.
- 32% of respondents indicated having heart disease, 41.9% of whom also report they currently smoke or chew tobacco. 8.4% of respondents answered yes to having lung disease.
- 9.1% of respondents answered yes to having been diagnosed with diabetes, higher than the Statewide average of 6.7% as reported by the CDC for 2001.



Coverage for People Living with HIV/AIDS

On July 1, 2002 a new category of coverage was created for people living in Maine with HIV/AIDS. This benefit was created after the Department received approval of its waiver request from the Centers for Medicare and Medicaid Services to cover these individuals who with relatively high income but not high enough to purchase the very expensive prescription drugs necessary to manage their condition. These individuals would only become eligible for

MaineCare once they became disabled. They would often lose their disability status after they received treatment and their condition stabilized and accordingly once again become ineligible for MaineCare. Under this waiver benefit, however, qualified members are eligible to receive a broad range of services. It is hoped that early treatment and coordination of care will slow, stop or even reverse the progress of HIV/AIDS for these members and allow them to continue to work and remain in the community. As of November 2003, this benefit was being used by 120 members.

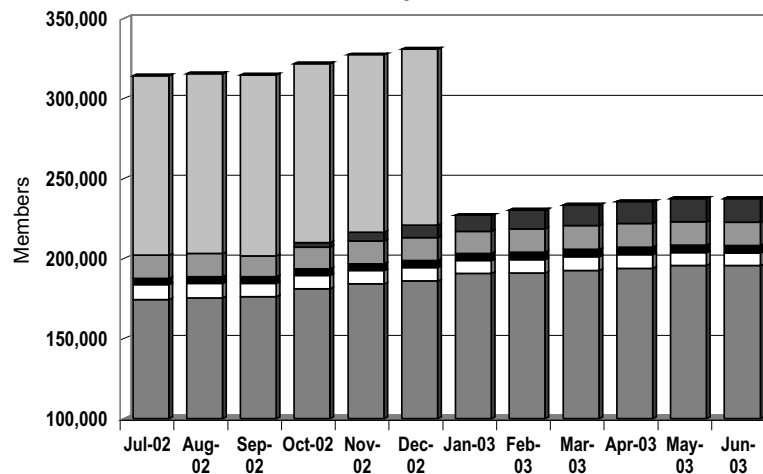
Healthy Maine Prescriptions Waiver

This waiver allowed members with income up to 200 percent of the federal poverty level on prescription drugs. On December 24, 2002, a federal court issued a decision on the case involving the Healthy Maine Prescriptions drug discount benefit. The decision forced the suspension of this benefit. Notices of this suspension were sent to approximately 114,000 members who would no longer receive a discount on prescription drugs. This ruling also affected those members who received the Low Cost Drugs for the Elderly and Disabled benefit. The Bureau rewrote statutes and policy to allow the State to change this benefit back to a State benefit, allowing those members to continue to receive savings through the Low Cost Drug benefit.



Overall Enrollment Trends

MaineCare Monthly Caseload SFY 2003



	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03
Healthy Maine Pres.	112,071	112,430	112,897	111,811	110,778	109,864	0	0	0	0	0	0
Childless Adults	0	0	0	2,846	5,571	7,774	10,036	11,535	12,845	13,719	14,591	15,007
SCHIP Parents	14,330	14,425	13,147	13,500	14,245	14,379	13,727	14,665	14,778	14,778	14,387	14,400
Cub Care	4,069	4,065	4,061	4,079	4,307	4,449	4,575	4,619	4,684	4,752	4,697	4,720
Medicaid Expansion	9,208	9,199	8,442	8,294	8,328	8,415	7,954	8,414	8,504	8,413	8,023	7,943
MaineCare	174,393	175,329	176,047	181,134	184,050	185,859	190,665	190,905	192,472	193,887	195,694	195,499

Note: As noted above the federal waiver allowing Healthy Maine Prescriptions and Drugs for the Elderly to be part of the MaineCare program was ended in December 2002. This change accounts for the dramatic drop in total enrollment the following month.

Covered Services, the Cost of Care and the Providers of Service

Covered Services

The Social Security Act specifies a set of mandatory benefits that state Medicaid programs must cover, and a set of optional benefits that states may choose to cover. As long as these are provided in accordance with federal regulations, federal financial participation (FFP) is available for reimbursement.

A very important exception is made in federal statute. Any federally defined Medicaid service determined by the state to be medically necessary must be provided to children. This is true regardless of whether the service is included in the State Plan.

Maine provides broad coverage to MaineCare members.

Acute Care

- Inpatient and outpatient hospital services
- Laboratory and x-ray services
- Physician and nurse practitioner services and other advanced practice nursing services (also those provided in rural health clinics and federally qualified health centers)
- Dental services
- Chiropractic services
- Ambulance services
- Podiatry services
- Occupational therapy
- Physical therapy
- Speech, hearing and language disorder services

Long Term Care

- Institutional: Nursing facility and assisted living
- Community based: Private duty nursing, personal care, hospice, adult day health

Pharmacy

Behavioral Health

- Institutional: Inpatient psychiatric services, intermediate care facilities for people with mental retardation
- Community based: Licensed social worker protective services, psychological services, day habilitation, day treatment, home and community based waiver services for people with mental retardation, community support, substance abuse treatment services

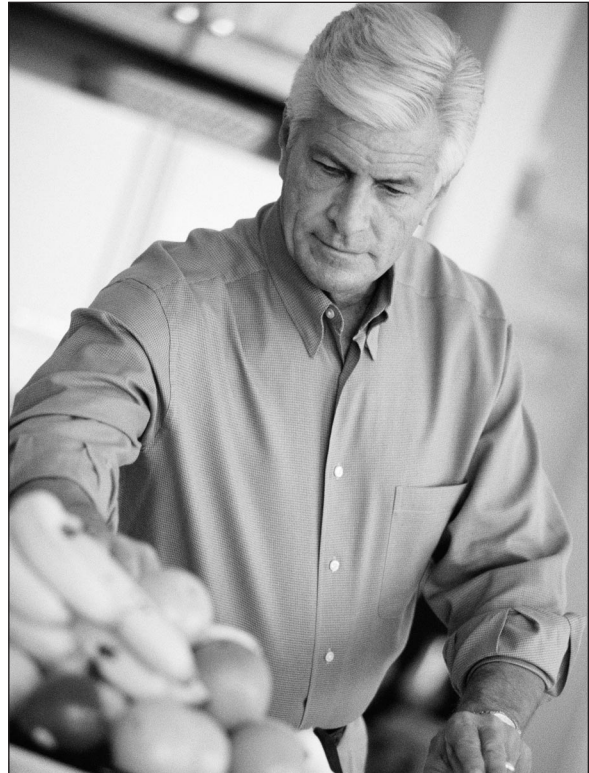
Preventive

- Early intervention (birth through age 5)
- Smoking cessation
- Asthma and diabetes education
- Family planning services and supplies
- School based rehabilitation

Transportation (non emergency)

Medical supplies and durable medical equipment, eyeglasses and orthotic and prosthetic devices

Part B Premium Payments (Medicare members)



Focus on Dental Care

Maine, like the rest of the country, has a shortage of dentists. In SFY '03 the Bureau had several initiatives aimed at increasing dental access. The Bureau raised awareness of dental coverage for MaineCare children: provided assistance to members in finding a dentist, worked to increase dental community participation, provided referral services as appropriate, and offered member education. Staff responded to 10,237 callers who requested assistance in finding dental services last year.

The Department adopted many policy changes that resulted in notable improvements to the MaineCare dental services policy. Changes clarified that reimbursement is available for "hygienist services," provided under the State's new public health supervision rule. Reimbursement is also available for hygienist services being provided by the State's two hygienist schools and for those hygienist services provided under contract with the Bureau of Health's Oral Health Program. A "Supplemental Payment to General Dental Providers for Accepting New MaineCare Patients" was established. This supplemental payment is a one-time, per-member, per-provider enhanced payment for dentists who accept children ages 3 through 20 as established patients. Many of the prior authorization requirements formerly in policy were deleted. Fixed rates were established for many of the current reimbursement "by report" procedure codes to make the dentist's payment process faster and easier. In addition, coverage was added for tobacco cessation counseling by dentists to members under twenty-one



The Cost of Care

The following tables provide a breakdown of expenditures by category of MaineCare coverage. The tables also show the spending per member by each of these same categories and the total number of members who received service in each of the categories.

TABLE A-1. MAINECARE EXPENDITURES BY CATEGORY OF SERVICE

CATEGORY OF SERVICE	EXPENDITURES SFY 2001	% Change	EXPENDITURE SFY 2002	% Change	EXPENDITURES SFY 2003	% Change
HOSPITAL SPENDING						
01 GENERAL INPATIENT	\$113,094,479	-4.9%	\$105,560,923	-6.7%	\$110,219,367	4.4%
02 PSYCH FACILITY SVC	\$39,328,116	-4.9%	\$37,706,286	-4.1%	\$41,616,375	10.4%
04 GENERAL OUTPATIENT	\$50,500,997	2.7%	\$55,387,530	9.7%	\$61,765,539	11.5%
SUBTOTAL HOSPITAL	\$202,923,592	-3.1%	\$198,654,739	-2.1%	\$213,601,281	7.5%
PHYSICIAN & RELATED PRACTITIONERS						
06 PHYSICIAN	\$42,894,163	8.5%	\$48,777,933	13.7%	\$54,160,505	11.0%
18 AMBULATORY SURG CENT	\$269,547	11.5%	\$392,516	45.6%	\$567,740	44.6%
30 AMBUL. CARE CLINIC	\$1,176,451	16.3%	\$1,417,517	20.5%	\$1,486,441	4.9%
43 CERT. RURAL HLT. CL.	\$4,928,577	18.5%	\$6,141,174	24.6%	\$8,377,352	36.4%
08 PHP AGENCY	\$0	0.0%	\$0	0.0%	\$0	0.0%
53 NURSE/MIDWIFE	\$53,732	-9.5%	\$65,130	21.2%	\$138,547	112.7%
60 NURSE PRACTITIONER	\$129,485	12.2%	\$167,253	29.2%	\$248,687	48.7%
63 FED. QUAL. HLTH CTR	\$7,618,128	35.7%	\$9,247,611	21.4%	\$12,521,329	35.4%
09 DENTAL	\$10,578,425	7.2%	\$11,845,508	12.0%	\$15,068,400	27.2%
07 PODIATRIC	\$494,641	13.2%	\$574,176	16.1%	\$683,512	19.0%
32 CHIROPRACTIC	\$442,359	65.0%	\$690,464	56.1%	\$818,360	18.5%
31 PHYSICAL THERAPY	\$1,071,506	1.9%	\$1,308,468	22.1%	\$1,643,465	25.6%
33 OCCUPATIONAL THERAPY	\$851,891	9.4%	\$937,794	10.1%	\$1,271,927	35.6%
37 OPTOMETRIC SERVICES	\$1,498,115	11.3%	\$1,572,312	5.0%	\$1,852,450	17.8%
42 OPTICAL SERVICES	\$212,003	16.7%	\$249,746	17.8%	\$340,730	36.4%
27 SPEECH AND HEARING	\$1,665,446	132.1%	\$1,617,197	-2.9%	\$1,754,061	8.5%
46 AUDIOLOGY SERVICES	\$52,610	23.0%	\$61,360	16.6%	\$84,905	38.4%
47 SPEECH PATH. SERV.	\$1,778,577	-34.6%	\$1,616,901	-9.1%	\$1,821,784	12.7%
13 SOCIAL WORKER SERVS*	\$422,543	31.4%	\$324,850	-23.1%	\$283,337	-12.8%
SUBTOTAL PHYSICIAN AND RELATED	\$76,138,199	11.2%	\$87,007,910	14.3%	\$103,123,532	18.5%
PRESCRIPTION DRUGS & RELATED						
10 PRESCRIBED DRUGS	\$186,599,427	11.3%	\$208,210,122	11.6%	\$235,338,166	13.0%
10.2 HMP WAIVER (MAINECARE)	\$247,362	0.0%	\$5,856,322	2267.5%	\$3,215,763	-45.1%
XX DRUG REBATES	-\$34,584,426	-3.9%	-\$45,983,732	33.0%	-\$60,969,823	32.6%
14 LAB & X-RAY-INDEP.	\$4,086,116	-16.9%	\$4,315,458	5.6%	\$4,862,786	12.7%
16 SUPPLIES AND DME	\$9,445,253	22.8%	\$9,869,143	4.5%	\$10,114,142	2.5%
17 PROSTHETIC, ORTHOTIC	\$1,214,158	-5.9%	\$1,350,817	11.3%	\$1,613,448	19.4%
45 HEARING AID DEALERS	\$55,103	-12.5%	\$49,590	-10.0%	\$57,764	16.5%
SUBTOTAL PRESC. DRUGS & RELATED	\$167,062,993	14.7%	\$183,667,720	9.9%	\$194,232,246	5.8%
LONG-TERM CARE & RELATED						
03 NURSING FACILITY	\$202,697,747	1.1%	\$201,554,544	-0.6%	\$234,059,981	16.1%
39 PRIVATE NONMD. INST. (Mainecare)	\$147,547,998	11.7%	\$161,532,930	9.5%	\$178,312,607	10.4%
56 WAIVERED BOARD HM	\$295,558	-33.0%	\$0	n/a	\$0	n/a
61 REHABILITATIVE SVCS	\$13,027,224	23.8%	\$14,718,121	13.0%	\$16,820,285	14.3%
11 HOME HEALTH SERVICES	\$6,883,316	-35.9%	\$6,957,632	1.1%	\$5,567,061	-20.0%
55 ATTENDANT SERVICES	\$3,765,039	13.6%	\$4,588,030	21.9%	\$4,126,086	-10.1%
58 PRIVATE DUTY NURS	\$4,283,930	8.7%	\$4,826,335	12.7%	\$4,303,701	-10.8%
59 PERSONAL CARE SER	\$5,042,374	2.6%	\$6,115,251	21.3%	\$23,165,136	278.8%
21 HOSPICE	\$0	0.0%	\$63,946	n/a	\$460,444	n/a
23 SWING BED	\$19,808	-65.0%	\$20,933	5.7%	\$104,974	401.5%
36 DAY HEALTH	\$787,015	10.7%	\$798,207	1.4%	\$805,499	0.9%
22 PHY. DISABLED WAIVER	\$7,261,920	0.2%	\$9,258,733	27.5%	\$8,420,925	-9.0%
57 BME WAIVER	\$19,096,433	-9.9%	\$18,203,038	-4.7%	\$18,815,205	3.4%
41 MEDICARE CROSSOVER-A	\$3,761,837	-13.3%	\$3,530,101	-6.2%	\$2,976,211	-15.7%
50 MEDICARE CROSSOVER-B	\$16,001,833	-8.5%	\$17,567,103	9.8%	\$20,726,780	18.0%
SUBTOTAL LONG-TERM CARE & RELATED	\$430,472,032	3.1%	\$449,734,904	4.5%	\$518,664,895	15.3%
BEHAVIORAL HEALTH SERVICES						
12 COMMUNITY SUPPORT SERVICES	\$42,018,181	18.1%	\$42,179,370	0.4%	\$45,266,319	7.3%
26 BMR WAIVER	\$126,391,963	13.3%	\$149,419,940	18.2%	\$176,311,799	18.0%
28 MENTAL HEALTH	\$57,820,300	22.3%	\$67,774,307	17.2%	\$81,779,710	20.7%
35 DAY HABILITATION	\$16,703,571	22.2%	\$20,018,728	19.8%	\$25,568,152	27.7%
38 PSYCHOLOGICAL SVCS	\$2,816,446	6.7%	\$2,996,425	6.4%	\$3,131,431	4.5%
40 ICF/MR (BOARDING)	\$32,702,942	0.8%	\$33,855,185	3.5%	\$35,044,639	3.5%
48 SUBSTANCE ABUSE	\$4,238,879	10.3%	\$6,014,867	41.9%	\$6,801,967	13.1%
62 HOME BASED M-H	\$2,351,445	-1.1%	\$2,565,670	9.1%	\$3,907,798	52.3%
66 DEVOP/BEHAV CLIN SV	\$600,222	18.6%	\$881,398	46.8%	\$964,669	9.4%
XX AMHV BMHI DSH	\$38,516,939	3.3%	\$41,367,995	7.4%	\$51,182,746	23.7%
SUBTOTAL BEHAVIORAL HEALTH SERVICES	\$324,160,888	12.9%	\$367,073,885	13.2%	\$429,959,230	17.1%
OTHER MAINECARE SERVICE CATEGORIES						
15 TRANSPORTATION	\$14,473,000	3.7%	\$16,430,488	13.5%	\$18,415,027	12.1%
29 AMBULANCE	\$2,109,623	5.2%	\$2,472,456	17.2%	\$2,985,670	20.8%
24 CASE MANAGEMENT	\$66,232,853	42.2%	\$73,775,346	11.4%	\$84,631,990	14.7%
25 FAMILY PLAN-CLINIC	\$740,573	4.2%	\$813,915	9.9%	\$836,296	2.7%
44 VD SCREENING	\$7,920	5.5%	\$6,850	-13.5%	\$7,280	6.3%
65 EARLY INTERVENTION	\$7,035,064	2.3%	\$7,633,112	8.5%	\$9,556,188	25.2%
67 NON-TRADITIONAL PHP/SCHOOL REHAB	\$22,878,970	-17.7%	\$23,252,238	1.6%	\$40,651,169	74.8%
52 HMO WAIVER	\$233,870	-92.9%	\$0	n/a	\$0	n/a
SUBTOTAL OTHER MAINECARE SERVICES	\$113,711,873	12.3%	\$124,384,405	9.4%	\$157,083,620	26.3%
OTHER MAINECARE						
MEDICARE "PART B BUY-IN" PREMIUMS	\$17,110,586	96.7%	\$21,089,349	23.3%	\$18,983,506	-10.0%
THIRD PARTY (TPL) RECOVERIES	-\$12,381,830	13.3%	-\$13,022,823	5.2%	-\$12,807,678	-1.7%
"CHIPS" MAINECARE EXPANSIONS	\$17,747,683	43.2%	\$21,298,394	20.0%	\$25,607,145	20.2%
MBCHP TREATMENT PROGRAM	\$0	0.0%	\$354,637	n/a	\$800,440	n/a
CHILDLESS ADULT WAIVER	\$0	0.0%	\$0	0.0%	\$36,997,271	n/a
HIV WAIVER	\$0	0.0%	\$0	0.0%	\$927,599	n/a
TOTAL MAINECARE	\$1,336,946,016	7.9%	\$1,440,243,120	7.7%	\$1,687,173,087	17.1%
MAINECARE-RELATED STATE-ONLY PAYMENTS						
HMP/DEL PAYMENTS	\$1,117,880	1.0%	\$19,603,484	1653.6%	\$21,516,166	9.8%
"old" DEL REBATES	\$0		-\$2,087,166		\$0	-100.0%
STATE BOARDING HOME PAYMENTS	\$26,018,669	15.1%	\$27,544,541	5.9%	\$34,991,218	27.0%
FIN. DISTRESSED HOSPITAL PAYMENTS	\$1,600,000	0.0%	\$0	n/a	\$0	n/a
05 SOCIAL SERVICES	\$1,237,114	-10.6%	\$1,344,306	8.7%	\$1,191,250	-11.4%
54 CHILD HEALTH	\$30,335	56.0%	\$53,160	75.2%	\$62,370	17.3%
OTHER CHILD HEALTH PROGRAMS	\$4,313,084	26.5%	\$3,925,900	-9.0%	\$4,276,892	8.9%
MEDICAL EYE CARE PROGRAM	\$421,016	-8.7%	\$318,356	-24.4%	\$402,627	26.5%
TUBERCULOSIS GRANTS	\$310,730	69.2%	\$180,117	-42.0%	\$195,100	8.3%
OTHER STATE ONLY PAYMENTS	\$146,596	16.0%	\$157,847	7.7%	\$5,770,814	3556.0%
ADULT IMMUNIZATIONS	\$0	0.0%	\$1,426,547	n/a	\$874,262	n/a
SUBTOTAL STATE-ONLY PAYMENTS	\$35,195,424	18.2%	\$52,467,092	49.1%	\$69,280,699	32.0%
TOTAL MAINECARE & RELATED EXPENDITURES	\$1,372,141,440	8.1%	\$1,492,710,212	8.8%	\$1,756,453,786	17.7%

TABLE A-2. MAINECARE MEMBERS BY CATEGORY OF SERVICE

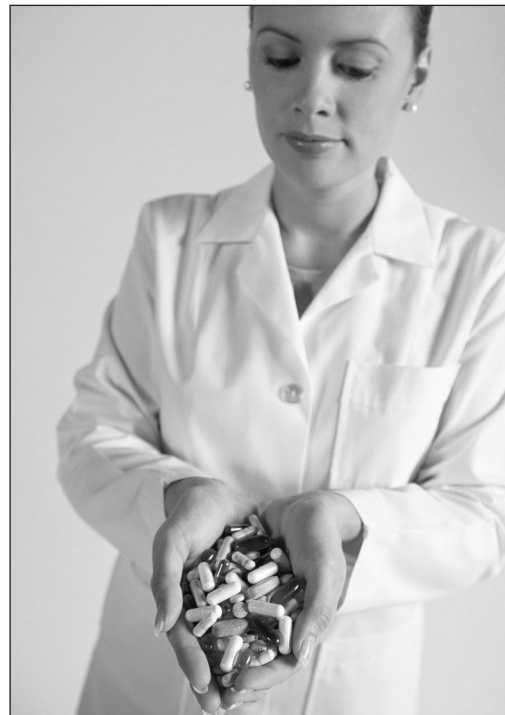
CATEGORY OF SERVICE	MEMBERS SFY 2001	% Change	MEMBERS SFY 2002	% Change	MEMBERS SFY 2003	% Change
HOSPITAL SPENDING						
01 GENERAL INPATIENT	19,162	2.7%	19,880	3.7%	20,716	4.2%
02 PSYCH FACILITY SVC	2,826	3.1%	3,605	27.6%	4,710	30.7%
04 GENERAL OUTPATIENT	95,605	8.5%	108,926	13.9%	122,207	12.2%
PHYSICIAN & RELATED PRACTITIONERS						
06 PHYSICIAN	111,450	9.4%	123,460	10.8%	139,727	13.2%
18 AMBULATORY SURG CENT	403	18.2%	614	52.4%	904	47.2%
30 AMBUL. CARE CLINIC	1,459	9.5%	1,567	7.4%	1,920	22.5%
43 CERT. RURAL HLT. CL.	18,026	10.9%	21,083	17.0%	23,148	9.8%
08 PHP AGENCY	0	0.0%	0	0.0%	0	n/a
53 NURSE/MIDWIFE	95	-19.5%	110	15.8%	203	84.5%
60 NURSE PRACTITIONER	466	-11.2%	671	44.0%	965	43.8%
63 FED. QUAL. HLTH CTR	16,546	28.8%	19,691	19.0%	23,802	20.9%
09 DENTAL	44,097	2.2%	46,479	5.4%	53,701	15.5%
07 PODIATRIC	5,102	21.3%	5,564	9.1%	5,960	7.1%
32 CHIROPRACTIC	3,092	-2.0%	3,643	17.8%	4,424	21.4%
31 PHYSICAL THERAPY	2,540	0.6%	3,235	27.4%	4,099	26.7%
33 OCCUPATIONAL THERAPY	1,457	7.9%	1,481	1.6%	1,880	26.9%
37 OPTOMETRIC SERVICES	30,811	10.5%	32,802	6.5%	38,202	16.5%
42 OPTICAL SERVICES	10,828	9.3%	12,335	13.9%	13,501	9.5%
27 SPEECH AND HEARING	1,717	75.0%	1,781	3.7%	2,116	18.8%
46 AUDIOLOGY SERVICES	752	11.6%	842	12.0%	1,149	36.5%
47 SPEECH PATH. SERV.	2,189	-18.2%	1,847	-15.6%	2,300	24.5%
13 SOCIAL WORKER SERVS*	517	26.7%	431	-16.6%	354	-17.9%
PRESCRIPTION DRUGS & RELATED						
10 PRESCRIBED DRUGS	148,003	-1.1%	170,653	15.3%	156,896	-8.1%
10.2 HMP WAIVER (MAINECARE)	0	0.0%	56,768	0.0%	28,540	-49.7%
XX DRUG REBATES	n/a	n/a	n/a	n/a	n/a	n/a
14 LAB & X-RAY-INDEP.	36,418	-17.6%	33,242	-8.7%	38,225	15.0%
16 SUPPLIES AND DME	17,726	9.6%	20,420	15.2%	22,806	11.7%
17 PROSTHETIC, ORTHOTIC	1,765	21.6%	1,962	11.2%	2,344	19.5%
45 HEARING AID DEALERS	169	-21.4%	208	23.1%	219	5.3%
LONG-TERM CARE & RELATED						
03 NURSING FACILITY	8,275	-2.7%	8,175	-1.2%	8,037	-1.7%
39 PRIVATE NONMD. INST. (Mainecare)	8,527	6.0%	8,655	1.5%	8,809	1.8%
56 WAIVERED BOARD HM	25	4.2%	25	0.0%	0	-100.0%
61 REHABILITATIVE SVCS	460	21.1%	548	19.1%	636	16.1%
11 HOME HEALTH SERVICES	3,234	-41.4%	3,050	-5.7%	3,140	3.0%
55 ATTENDANT SERVICES	348	14.9%	361	3.7%	321	-11.1%
58 PRIVATE DUTY NURS	1,188	20.9%	1,310	10.3%	1,450	10.7%
59 PERSONAL CARE SER	1,388	7.7%	1,533	10.4%	6,306	311.4%
21 HOSPICE	0	0.0%	9	n/a	79	777.8%
23 SWING BED	12	-36.8%	7	-41.7%	19	171.4%
36 DAY HEALTH	173	10.9%	169	-2.3%	168	-0.6%
22 PHY. DISABLED WAIVER	303	-9.8%	326	7.6%	341	4.6%
57 BME WAIVER	1,589	-10.5%	1,535	-3.4%	1,510	-1.6%
41 MEDICARE CROSSOVER-A	28,266	-1.5%	29,202	3.3%	28,360	-2.9%
50 MEDICARE CROSSOVER-B	37,253	0.7%	38,797	4.1%	42,262	8.9%
BEHAVIORAL HEALTH SERVICES						
12 COMMUNITY SUPPORT SERVICES	8,197	5.2%	8,420	2.7%	9,117	8.3%
26 BMR WAIVER	2,028	11.1%	2,191	8.0%	2,382	8.7%
28 MENTAL HEALTH	23,195	8.9%	25,443	9.7%	28,185	10.8%
35 DAY HABILITATION	1,383	16.1%	1,556	12.5%	1,752	12.6%
38 PSYCHOLOGICAL SVCS	4,791	-1.3%	4,386	-8.5%	4,636	5.7%
40 ICF/MR (BOARDING)	289	-4.6%	276	-4.5%	274	-0.7%
48 SUBSTANCE ABUSE	4,726	5.8%	5,406	14.4%	5,678	5.0%
62 HOME BASED M-H	677	-5.8%	676	-0.1%	865	28.0%
66 DEVLOP/BEHAV CLIN SV	440	1.4%	588	33.6%	643	9.4%
XX AMHI/ BMHI DSH	n/a	n/a	n/a	n/a	n/a	n/a
OTHER MAINECARE SERVICE CATEGORIES						
15 TRANSPORTATION	25,075	2.1%	26,735	6.6%	28,700	7.3%
29 AMBULANCE	12,162	5.3%	14,251	17.2%	17,279	21.2%
24 CASE MANAGEMENT	24,615	21.9%	27,636	12.3%	30,680	11.0%
25 FAMILY PLAN-CLINIC	4,405	1.8%	4,554	3.4%	4,859	6.7%
44 VD SCREENING	274	8.7%	250	-8.8%	243	-2.8%
65 EARLY INTERVENTION	1,444	-1.2%	1,512	4.7%	1,749	15.7%
67 NON-TRADITIONAL PHP/SCHOOL REHAB	13,936	-4.1%	14,221	2.0%	15,748	10.7%
52 HMO WAIVER	n/a	n/a	n/a	n/a	n/a	n/a
OTHER MAINECARE						
MEDICARE "PART B BUY-IN" PREMIUMS	n/a	n/a	n/a	n/a	n/a	n/a
THIRD PARTY (TPL) RECOVERIES	n/a	n/a	n/a	n/a	n/a	n/a
"CHIPS" MAINECARE EXPANSIONS	12,199	16.5%	13,378	9.7%	14,420	7.8%
MBCHP TREATMENT PROGRAM	n/a	n/a	42	n/a	72	71.4%
CHILDLESS ADULT WAIVER	n/a	n/a	n/a	n/a	8,840	
HIV WAIVER	n/a	n/a	n/a	n/a	76	
TOTAL MAINECARE	193,519	6.6%	273,087	41.1%	269,332	-1.4%

TABLE A-3. MAINECARE SPENDING PER MEMBER BY CATEGORY OF SERVICE

CATEGORY OF SERVICE	SPENDING/ MEMBER SFY 2001	% Change	SPENDING/ MEMBER SFY 2002	% Change	SPENDING/ MEMBER SFY 2003	% Change
HOSPITAL SPENDING						
01 GENERAL INPATIENT	\$5,902	-7.4%	\$5,310	-10.0%	\$5,320	0.2%
02 PSYCH FACILITY SVC	\$13,917	-7.7%	\$10,459	-24.8%	\$8,836	-15.5%
04 GENERAL OUTPATIENT	\$528	-5.3%	\$508	-3.7%	\$505	-0.6%
PHYSICIAN & RELATED PRACTITIONERS						
06 PHYSICIAN	\$385	-0.9%	\$395	2.7%	\$388	-1.9%
18 AMBULATORY SURG CENT	\$669	-5.7%	\$639	-4.4%	\$628	-1.8%
30 AMBUL. CARE CLINIC	\$806	6.2%	\$905	12.2%	\$774	-14.4%
43 CERT. RURAL HLT. CL.	\$273	6.8%	\$291	6.5%	\$362	24.2%
08 PHP AGENCY	\$0	0.0%	\$0	n/a	\$0	n/a
53 NURSE/MIDWIFE	\$566	12.4%	\$592	4.7%	\$682	15.3%
60 NURSE PRACTITIONER	\$278	26.4%	\$249	-10.3%	\$258	3.4%
63 FED. QUAL. HLTH CTR	\$460	5.4%	\$470	2.0%	\$526	12.0%
09 DENTAL	\$240	4.9%	\$255	6.2%	\$281	10.1%
07 PODIATRIC	\$97	-6.7%	\$103	6.4%	\$115	11.1%
32 CHIROPRACTIC	\$143	68.4%	\$190	32.5%	\$185	-2.4%
33 OCCUPATIONAL THERAPY	\$585	1.4%	\$633	8.3%	\$677	6.8%
37 OPTOMETRIC SERVICES	\$49	0.7%	\$48	-1.4%	\$48	1.2%
42 OPTICAL SERVICES	\$20	6.7%	\$20	3.4%	\$25	24.6%
27 SPEECH AND HEARING	\$970	32.6%	\$908	-6.4%	\$829	-8.7%
46 AUDIOLOGY SERVICES	\$70	10.2%	\$73	4.2%	\$74	1.4%
47 SPEECH PATH. SERV.	\$813	-20.0%	\$875	7.7%	\$792	-9.5%
13 SOCIAL WORKER SERVS*	\$817	3.7%	\$754	-7.8%	\$800	6.2%
PRESCRIPTION DRUGS & RELATED						
10 PRESCRIBED DRUGS	\$1,261	12.6%	\$1,220	-3.2%	\$1,500	22.9%
10.2 HMP WAIVER (MAINECARE)	\$0	n/a	\$0	n/a	\$113	n/a
14 LAB & X-RAY-INDEP.	\$112	0.8%	\$130	15.7%	\$127	-2.0%
16 SUPPLIES AND DME	\$533	12.1%	\$483	-9.3%	\$443	-8.2%
17 PROSTHETIC, ORTHOTIC	\$688	-22.6%	\$688	0.1%	\$688	0.0%
45 HEARING AID DEALERS	\$326	11.4%	\$238	-26.9%	\$264	10.6%
LONG-TERM CARE & RELATED						
03 NURSING FACILITY	\$24,495	3.9%	\$24,655	0.7%	\$29,123	18.1%
39 PRIVATE NONMD. INST. (Mainecare)	\$17,304	5.4%	\$18,664	7.9%	\$20,242	8.5%
56 WAIVERED BOARD HM	\$11,822	-35.6%	\$0	-100.0%	\$0	n/a
61 REHABILITATIVE SVCS	\$28,320	2.2%	\$26,858	-5.2%	\$26,447	-1.5%
11 HOME HEALTH SERVICES	\$2,128	9.4%	\$2,281	7.2%	\$1,773	-22.3%
55 ATTENDANT SERVICES	\$10,819	-1.1%	\$12,709	17.5%	\$12,854	1.1%
58 PRIVATE DUTY NURS	\$3,606	-10.0%	\$3,684	2.2%	\$2,968	-19.4%
59 PERSONAL CARE SER	\$3,633	-4.7%	\$3,989	9.8%	\$3,674	-7.9%
23 SWING BED	\$1,651	-44.6%	\$2,990	81.2%	\$5,525	84.8%
36 DAY HEALTH	\$4,549	-0.2%	\$4,723	3.8%	\$4,795	1.5%
22 PHY. DISABLED WAIVER	\$23,967	11.1%	\$28,401	18.5%	\$24,695	-13.0%
57 BME WAIVER	\$12,018	0.7%	\$11,859	-1.3%	\$12,460	5.1%
41 MEDICARE CROSSOVER-A	\$133	-12.0%	\$121	-9.2%	\$105	-13.2%
50 MEDICARE CROSSOVER-B	\$430	-9.2%	\$453	5.4%	\$490	8.3%
BEHAVIORAL HEALTH SERVICES						
12 COMMUNITY SUPPORT SERVICES	\$5,126	12.3%	\$5,009	-2.3%	\$4,965	-0.9%
26 BMR WAIVER	\$62,323	2.0%	\$68,197	9.4%	\$74,018	8.5%
28 MENTAL HEALTH	\$2,493	12.3%	\$2,664	6.9%	\$2,902	8.9%
35 DAY HABILITATION	\$12,078	5.2%	\$12,866	6.5%	\$14,594	13.4%
38 PSYCHOLOGICAL SVCS	\$588	8.2%	\$683	16.2%	\$675	-1.1%
40 ICF/MR (BOARDING)	\$113,159	5.7%	\$122,664	8.4%	\$127,900	4.3%
48 SUBSTANCE ABUSE	\$897	4.2%	\$1,113	24.0%	\$1,198	7.7%
62 HOME BASED M-H	\$3,473	5.0%	\$3,795	9.3%	\$4,518	19.0%
66 DEVLOP/BEHAV CLIN SV	\$1,364	17.0%	\$1,499	9.9%	\$1,500	0.1%
XX AMHI/ BMHI DSH	n/a	n/a	n/a	n/a	n/a	n/a
OTHER MAINECARE SERVICE CATEGORIES						
15 TRANSPORTATION	\$577	1.6%	\$615	6.5%	\$642	4.4%
29 AMBULANCE	\$173	-0.1%	\$173	0.0%	\$173	-0.4%
24 CASE MANAGEMENT	\$2,691	16.7%	\$2,670	-0.8%	\$2,759	3.3%
25 FAMILY PLAN-CLINIC	\$168	2.4%	\$179	6.3%	\$172	-3.7%
44 VD SCREENING	\$29	-3.0%	\$27	-5.2%	\$30	9.3%
65 EARLY INTERVENTION	\$4,872	3.6%	\$5,048	3.6%	\$5,464	8.2%
67 NON-TRADITIONAL PHP/SCHOOL REHAB	\$1,642	-14.2%	\$1,635	-0.4%	\$2,581	57.9%
52 HMO WAIVER	n/a	n/a	n/a	n/a	n/a	n/a
OTHER MAINECARE						
MEDICARE "PART B BUY-IN" PREMIUMS	n/a	n/a	n/a	n/a	n/a	n/a
THIRD PARTY (TPL) RECOVERIES	n/a	n/a	n/a	n/a	n/a	n/a
"CHIPS" MAINECARE EXPANSIONS	\$1,455	23.0%	\$1,592	9.4%	\$1,776	11.5%
MBCHP TREATMENT PROGRAM	n/a	n/a	\$8,444	n/a	\$11,117	31.7%
CHILDLESS ADULT WAIVER	n/a	n/a	n/a	n/a	\$4,185	n/a
HIV WAIVER	n/a	n/a	n/a	n/a	\$12,205	n/a
TOTAL MAINECARE	\$6,909	1.1%	\$5,274	-23.7%	\$6,264	18.8%

Focus on Pharmacy

Costs to the MaineCare Program for prescription drugs have continued to escalate. In an effort to reduce costs in this area, the Bureau has made the decision to implement a Preferred Drug List (PDL). A PDL is not a formulary since all drugs continue to be covered. Members continue access to non-preferred drugs through the prior authorization process; step therapy; special medical conditions; or by grand-fathering in certain drug classes. The Bureau chose the implementation of a PDL because it will maintain clinical efficacy in the drug benefit, will allow an increase in the number of members served, and will improve cost efficiency and overall healthcare cost management. The establishment of the PDL was accomplished through product evaluation, data evaluation, solicitation of supplemental rebates, presentations by manufacturers to the Drug Utilization Review (DUR) Committee, public comment session, review of public and provider comments, DUR recommendations to the State, and by State final review and approval of the PDL. The PDL became effective July 1, 2003.



MaineCare Outpatient Prescription Drug Spending

	SFY 98	SFY 99	Chg	SFY 00	Chg	SFY 01	Chg	SFY 02	Chg	SFY 03	Chg
Total Expenditures	\$109,697,688	\$136,007,031	24.0%	\$169,025,957	24.3%	\$188,767,104	11.7%	\$213,476,720	13.1%	\$251,206,689	17.7%
Drug Rebates	-\$20,206,046	-\$27,957,863	38.4%	-\$35,978,026	28.7%	-\$34,584,426	-3.9%	-\$45,983,732	33.0%	-\$60,969,823	32.6%
Drug Rebate Percentage	18.4%	20.6%		21.3%		18.3%		21.5%		24.3%	
Net Expenditures	\$89,491,642	\$108,049,168	20.7%	\$133,047,931	23.1%	\$154,182,678	15.9%	\$167,492,988	8.6%	\$190,236,866	13.6%
Members Receiving Drugs	144,205	152,433	5.7%	155,714	2.2%	156,388	0.4%	178,206	14.0%	186,677	4.8%
Total Expenditures Per Member	\$760.71	\$892.24	17.3%	\$1,085.49	21.7%	\$1,207.04	11.2%	\$1,197.92	-0.8%	\$1,345.68	12.3%
Net Expenditures Per Member	\$620.59	\$708.83	14.2%	\$854.44	20.5%	\$985.90	15.4%	\$939.88	-4.7%	\$1,019.07	8.4%
Number of Prescriptions	2,870,422	3,114,155	8.5%	3,381,970	8.6%	3,518,199	4.0%	4,325,853	23.0%	4,496,640	3.9%
Prescriptions per Member	19.9	20.4	2.6%	21.7	6.3%	22.5	3.6%	24.3	7.9%	24.1	-0.8%
Expenditures per Prescription	\$38.22	\$43.67	14.3%	\$49.98	14.4%	\$53.65	7.4%	\$49.35	-8.0%	\$55.87	13.2%

Federal Funding

The federal government pays a portion of every dollar spent on MaineCare covered services. The following table shows the percentages provided by the federal government and Maine State government over the past nine years and the rates expected for 2004 and 2005. In FY 2004 the federal government provided an increased percentage of federal funding to states as a way of partially addressing states' budgetary shortfalls. Unfortunately, this "enhanced match" is planned for one year only.

MaineCare Federal Financial Participation Rates

	MaineCare		SCHIP	
	Federal	State	Federal	State
1994	61.96%	38.04%		
1995	63.30%	36.70%		
1996	63.32%	36.68%		
1997	63.72%	36.28%		
1998	66.04%	33.96%	76.23%	23.77%
1999	66.40%	33.60%	76.48%	23.52%
2000	66.22%	33.78%	76.35%	23.65%
2001	66.12%	33.88%	76.28%	23.72%
2002	66.58%	33.42%	76.61%	23.39%
2003	67.88%	32.12%	76.35%	23.65%
2004	68.38%	31.62%	76.21%	23.79%
2005	64.89%	35.11%	75.42%	24.58%

Provider Participation

MaineCare enjoys a high participation rate among most of the provider types in the State. All of the 37 acute care hospitals in Maine participate in MaineCare. Of these, six hospitals have elected to participate as a Critical Access Hospital. Virtually all Maine pharmacies provide services to MaineCare members.

Staff at the Bureau of Medical Services continues to recruit primary care providers (PCPs) to provide services under the managed care benefit. Participation by PCPs continues to be high. In addition, in order to increase access to services for MaineCare members, the Bureau has broadened the scope of providers who can be reimbursed for providing health care services. This includes enrolling advanced practice registered nurses and dental hygienists.

The Department employs a number of strategies to continue the participation rate it has enjoyed: Providers may call the MaineCare Provider Inquiry line and the Provider Relations Unit for policy interpretation and assistance with billing problems. Additional staff and a new phone system with expanded technical capabilities are part of our continuing efforts to provide better service to providers.

Providers may call the automated Voice Response system to verify eligibility, third party coverage and status of claims. Point of Service eligibility verification is an added option for providers who choose to buy this service from the vendor who contracts with the Department. When the Department's new claims processing system is in place, this same verification can be performed over the Web.

Providers may request assistance from Department staff in educating members about the importance of keeping appointments and following provider instructions.

A variety of provider education sessions are hosted over the course of the year, including individual provider office meetings and group sessions to explain new policies and policy changes.



Focus on Quality

The Bureau of Medical Services strives to provide necessary services in a cost-effective manner. However, this is not the Bureau's sole goal. It is important that MaineCare members have access to assistance when needed and receive quality services. To these ends the Bureau offers member assistance and clinical quality initiatives.

MaineCare Member Services

MaineCare members use Member Services to make navigation through the health care system as barrier free as possible. Resource assistance is provided through a toll-free telephone line and through direct contact with MaineCare members and providers.

The toll-free number is the front line for MaineCare members who need assistance with all aspects of MaineCare, including understanding covered services, benefits for members under 21 and managed care enrollment services. All staff members can respond to basic questions regarding MaineCare covered services, and can provide referral for answers to more complicated questions. They furnish information about accessing services, offer education on preventive health care, and provide information on recommended frequency of preventive services.

Targeted mailings and educational materials are also used as appropriate. Two important examples are the information packet that is sent to all new members under age 21 within 30 days of becoming eligible for the Program and the periodic notices these members receive the month before they are due for healthy child visits.

MaineCare Managed Care

MaineCare managed care, which began in 1999, continues to expand and include enrollees receiving comprehensive benefits. 132,238 members were enrolled in the primary care case management benefit operated by the Bureau of Medical Services in fiscal year 2003; served by 1,299 primary care providers at 458 sites. The primary goals are to provide a "medical home" for members and to assure that medical coverage is available 24 hours a day, 7 days a week. Together these initiatives strengthen provider and patient relationships and keep members healthier by:

- Increasing access to appropriate, preventive care,
- Allowing for timely, cost-effective episodic care,
- Reducing inappropriate use of the emergency room, and
- Providing improved ongoing care of chronic health conditions.

MaineCare managed care enrollment of the traditional TANF and SCHIP populations continued; and was expanded to include the new childless adult waiver population. Enrollment of these adults into MaineCare managed care began early in 2003. At the time of this writing approximately half of these members have been enrolled in managed care.

For the past five years, in a related initiative, MaineCare has been educating providers and members about avoiding emergency room use for conditions more appropriately treated in a provider's office. A coordinated plan was developed to monitor provider availability and to communicate with members having multiple ER visits for selected diagnoses. An evaluation of data from 2001 and 2002 showed a 41% reduction in ER usage. During the same time that the ER visits decreased there was also an increase in availability of providers to members after hours.

Appropriate Use of Narcotics and Pain Management

MaineCare has recognized that members who, from their utilization pattern, appear to be abus-

ing narcotics fall into two broad categories: those who need assistance changing addictive behavior patterns and those who are consciously attempting to profit from the MaineCare Program.

The pain management initiative and the Restriction and Narcotic Prescriber Plan address the first group. These initiatives seek to decrease and control over-utilization and/or abuse of MaineCare covered narcotic medications, and to minimize medically unnecessary and addictive drug usage. The pain management initiative is voluntary and is aimed at those members deemed to be at risk. The Restriction Plan is required for those members whose behavior has strongly demonstrated a need for tight management.

A comprehensive evaluation of the Restriction and Narcotic Prescriber Plan was completed in December of 2002. Analysis of the data shows:

- Restricting use of multiple prescribers and monitoring usage reduces use of narcotics by an average of 44% and reduces the average cost by 40%;
- 81% of enrolled members reduced narcotic utilization compared to 27% in the non-enrolled group; and
- There was an 18% reduction in emergency room visits after enrollment in the plan.

The results of a member survey show that the vast majority of enrollees felt the services helped them understand risks from their medications; and that they had been treated respectfully by the MaineCare nurse.

SFY 2003 also saw the conclusion of the multi-agency task force investigation involving individuals who used MaineCare to finance the illegal acquisition and distribution of Oxycontin.

The case began with five individuals using MaineCare to pay for Oxycontin that was later sold using forged prescriptions. The case quickly grew into a large investigation involving individuals in York and Cumberland Counties. The final result of these investigations are: 22 convictions ranging from 10 months to over 21 years, over \$109,434 in restitutions awarded to the MaineCare Program, and the dismantling of a \$1 million prescription drug diversion business. The Office of Inspector General recently recognized the Surveillance Utilization Review Unit for its role.



Coordination with State Employees' Health Program

In addition to these efforts the Department is working with the State Employees Health Plan to increase clinical quality of care through the promotion of evidence-based guidelines for the treatment of diabetes and identification and counseling of tobacco dependence and to identify available community resources and promote effective interventions for these conditions.

Preparing for a New Claims Management System

The Bureau of Medical Services is designing a new claims management system (MECMS). The Bureau is currently using a claims management system that was developed in the 1970's. The new system will allow for major operational improvements. It will allow web-based claims submission with upfront data editing to speed payment and reduce administrative overhead. Due to delays in the project and an expansion in the systems requirements, the system is now expected to be operational mid-calendar year 2004. Prior to the operational date, the Bureau will continue to process claims in the current electronic format. Once operational, the new system will accept both HIPAA (Health Insurance Portability and Accountability Act) compliant and the current non-compliant formats in order to allow for the processing of electronic claims for all providers.



Moving from Paper to Electronic Interface

Providers will still have the option of submitting paper claims, but are encouraged to consider electronic submission. Approximately 40% of the current MaineCare claim volume is submitted on paper. MECMS will allow the submission of claims individually by the web or electronically in batches.

A few examples of how this web-based system can make things easier follow. While the primary advantage resides in the ability to submit claims electronically, other electronic interfaces will also be available.

- Upfront claims editing to reduce the number of denied and rejected claims.
- Immediate indication if there is an error and can correct it immediately.
- All upfront edits will be applied for each claim submitted, eliminating the Possibility of correcting a single problem only to find later that another error is preventing payment.
- Ability to do on-line adjustments.
- Ability of the provider or the Third Party Liability (TPL) Unit can void MaineCare claims that should have been billed to Medicare online.
- Ability to submit a request for a prior authorization via the web.

HIPAA (Health Insurance Portability and Accountability Act)

The new system will also provide the Bureau with an opportunity to integrate new federal requirements related to HIPAA, including the use of standardized claim forms, coding and electronic data interfaces. Some business practices will have to change to meet these requirements:

- MECMS will be processing only three claim forms: UB-92, HCFA 1500 and the ADA dental claim form.
- The MaineCare Benefits Manual (formerly the Maine Medical Assistance

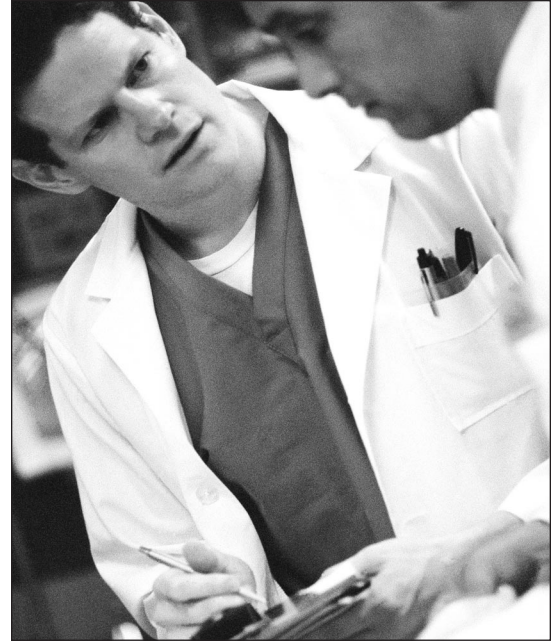
Manual) is being changed to ensure the use of standardized codes. At times that will mean that rates will have to be reviewed to conform to the standardized descriptions of covered services.

- Place of service codes will also change to the standard codes. Bureau staff will provide a crosswalk prior to implementation.
- Diagnosis codes will almost always be required. An ICD-9 codes defined in italics will no longer be allowed as a primary diagnosis.

MaineCare Provider Information

Provider enrollment information will need to be updated to make the system work. Many providers have responded to the Bureau's requests for information to update the MaineCare provider files. The Bureau will include this information in the system prior to final implementation.

- Once MECMS is operational, providers will be able to update information through the web with the appropriate security access.
- Providers will be assigned a new provider ID that will not reflect Social Security or tax ID numbers.
- All licensed staff providing services will be enrolled as servicing providers. Other qualified staff, staff in licensed agencies that submit UB-92 claim forms, and staff in institutions will not be enrolled separately.
- If a provider chooses to bill via the web, the Bureau will assign one user ID. The provider will then control access to MECMS by assigning additional user IDs in the organization. The Bureau will inform providers about the security policies and how MECMS uses security roles.



Making the Transition

A help desk training was held for Provider Inquiry staff in anticipation of changes that MECMS will bring to the unit. The training focused on ways to expedite the handling and routing of calls while maintaining high quality customer service during the MECMS transition.

The Bureau will be offering MECMS training to providers in as timely a manner as possible. The plan involves doing "MECMS For Providers" sessions across Maine as well as making all the MECMS material available online.

Operations and Organization

What We Do

Over 200 employees comprise the MaineCare operations staff at the Bureau of Medical Services. The Division of Licensing and Certification employs an additional 63 staff. A sample of activity in FY 2003:

- The Inquiry Unit, the first point of contact for most members and providers, responded to over 130,000 phone, e-mail, mail and fax inquiries.
- The Provider Relations Unit provided 215 individual provider visits and hosted 89 group provider training sessions this past year.
- The Policy Unit developed 37 sets of rules for the MaineCare Benefits Manual and processed them through the Administrative Procedures Act process that were adopted by the Department.
- The MaineCare Program processed a total of 6,694,611 non-pharmacy claims. Of this number, 2,585,905 were paper claims; 3,220,730 were electronic claims and 887,976 represented MaineCare reimbursement after Medicare payment. In addition to the claims processed by DHS, the Department's contractor for pharmacy claims processed 6,017,270 pharmacy claims.
- The Third Party Liability Unit recovered \$15.3 million from other insurance companies that should have paid a bill that MaineCare initially paid.
- Approximately \$55.2 million in expenditures were avoided due to denied claims where other insurance should pay before MaineCare or where claims noted a third party payment.
- The Department received \$61 million in drug rebates. After returning the federal share, over \$19 million remained with the State.
- The Surveillance and Utilization Review Unit (SURS) is responsible for monitoring provider and member compliance with MaineCare policies and regulations. In SFY 2003, the unit identified over \$7.6 million of overpayments due to fraud, abuse, and waste. In addition, the unit took action related to 41 providers or their employees by terminating their privileges to participate in the MaineCare Program. The Surveillance and Utilization unit identified the following issues: personal community support providers billing in excess of 24 hours per day and in excess of their authorized hours that resulted in overpayments that exceed \$1 million; and a provider billing for industrial strength deodorizers as personal deodorant products.
- The Case Mix/Classification Review Unit held 58 trainings with over 500 attendees. Nursing facilities and residential facilities were visited, and the average error rate for both were improved.
- The MaineCare Authorization Unit processed a total of 16,778 requests for authorization of services. Of this number: 5207 were for dental services; 5988 were for medical equipment; 102 were children's EPSDT-Optional Services; 972 were for eyeglasses; 185 were for hearing aids; 650 were for in-state medical services; 21 were for in-state psychiatric services; 1729 were for out-of-state medical services; 12 were for out-of-state

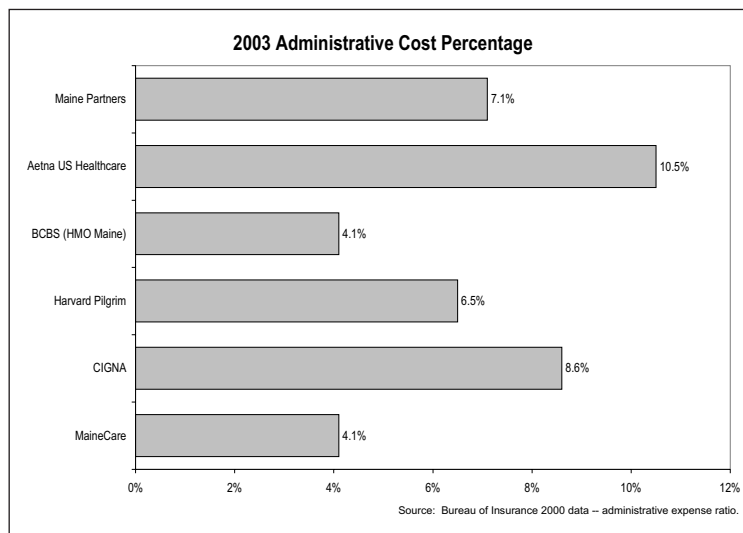
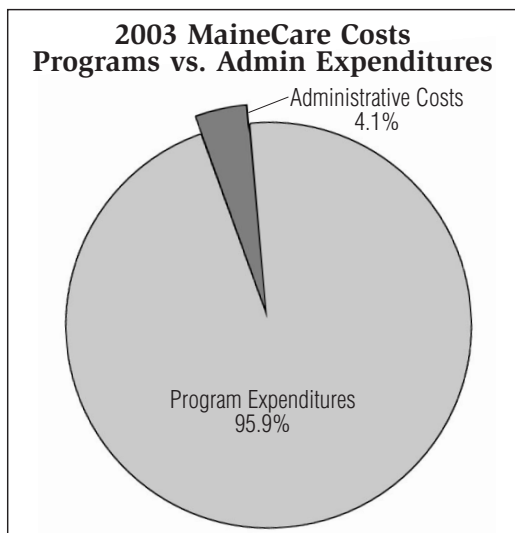


Psychiatric Services; and 2131 were for transportation to covered services.

- The CNA registry lists 39,867 certified nursing assistants.
- The Division of Licensing and Certification reviewed over 30 new providers and conducted 462 certification surveys.
- Staff in the Division of Licensing and Certification responded to 1,016 complaints (111 for hospitals, 45 for home health agencies, 67 regarding assisted living facilities in NFs; 25 for ICFs/MR, 598 regarding NFs, 169 for residential care facilities)

In addition to the \$1.7 billion in expenditures for health care services, \$72,774,944 was expended to administer the MaineCare Program. This represents 4.14% of total MaineCare spending.

Using the most recent administrative percentages available from the Bureau of Insurance, the following table compares the 2003 MaineCare administrative costs with insurance carriers in Maine.



Organization

The Bureau of Medical Services is one of five Bureaus in the Department of Human Services. DHS is the single state agency responsible for administering the MaineCare Program. The Bureau of Medical Services has five overall functional divisions:

Division of Policy and Provider Services

The Division of Policy and Provider Services is responsible for research and developing coverage for, and access to, a comprehensive array of health and social services for MaineCare members and other individuals of low income. It provides general MaineCare information and research assistance to all callers to the Bureau of Medical Services. It is also responsible for enrolling providers and for providing information, education and assistance to providers and members relative to MaineCare and other State health care coverage policy.

Health Care Management and Member Services (formerly Division of Quality Improvement)

The Health Care Management and Member Services Division takes the lead in determining and tracking quality indicators to ensure services and benefits meet established standards of medical necessity and are beneficial to the member. This Division is responsible for Maine's Case Mix system and for the determination of medical eligibility of certain MaineCare members. This Division manages the MaineCare managed care benefit and the Department's pharmacy benefits, as well as the state funded Medical Eye Care benefit. The Division handles prior authorizations for certain medical services and items of durable equipment, as well as services provided out of state. The Division's Surveillance and Utilization Review (SUR) Unit is also responsible for monitoring

provider and member compliance with MaineCare policies and regulations.

The MaineCare Quality Improvement (QI) Division is involved in projects to improve services to members receiving the MaineCare benefit. Throughout the past year the QI staff evaluated internal programs, collaborated with other state agencies to increase the scope of services to persons with diseases like diabetes and dependence on tobacco, and worked with healthcare groups to deliver better quality care.

Division of Research and Resource Development

The Division coordinates the Bureau's research and training initiatives and assists with special projects. It researches, performs analysis and develops reports based on information extracted from the Bureau's data warehouse in order to assist in evaluating the effectiveness of the Bureau's programs and services. The Division is responsible for training BMS and other staff in how to retrieve data from the Bureau's data warehouse. In addition, the Division coordinates the Bureau's interns. The division also manages building security, helps administer the Maine Medicaid Decision Support System (MMDSS) and Maine Claims Management System (MECMS) training and testing, and provides application security and system interfaces. Finally, staff serve as the Bureau's HIPAA privacy officer liaison.

Division of Financial Services

The Division of Financial Services has primary responsibility for managing the financial functions of the Bureau, setting reimbursement rates and is responsible for preparing and managing the MaineCare budget. This Division is responsible for enforcing State and Federal third party liability rules designed to ensure MaineCare is the payor of last resort, estate recovery and it is responsible for managing the drug rebates. The Division ensures that claims are processed accurately and timely which includes: microfilming and scanning claims, resolving suspended claims and adjusting paid claims. This Division also administers Maine's Certificate of Need Act.

Division of Licensing and Certification

The Division of Licensing and Certification is responsible for enforcing State licensure standards and Federal Medicare/Medicaid certification requirements for over 1,700 providers and suppliers. It reviews primarily facilities that provide clinical services. The Division is one of the first State Survey Agencies that is part of the State Medicaid Agency, ensuring continuous coordination and sharing of information. It registers and investigates complaints in regard to facilities and agencies it licenses/certifies. The Division also operates the Maine Registry of Certified Nursing Assistants and certifies laboratories under the Comprehensive Laboratory Improvement Amendments of 1988 (CLIA).

The MaineCare Advisory Committee (MAC)

Federal and State regulations require the establishment of a Medicaid Advisory Committee to advise the Medicaid agency director about health and medical services. In Maine, this requirement is met through the MaineCare Advisory Committee. The MAC meets on the first Tuesday of the month at the DHS offices in Augusta.

During SFY 2003, the MAC was comprised of the following individuals, from consumer and provider organizations:

Mary McPherson, Chairperson, Maine Equal Justice Project
Bob Philbrook, Maine Association of Interdependent
Neighborhoods
Lisa Webber, Consumers for Affordable Health Care
Barbara Ginley, Women's Lobby
Helen Bailey, Maine Advocacy Services
Carol Carothers, NAMI Maine
Cynthia Sudheimer, Olmstead Work Group
Winifred York, AARP
Ellie Goldberg, Maine Children's Alliance

Gordon Smith, Maine Medical Association
Mary Mayhew, Maine Hospital Association
Kevin Lewis, Maine Ambulatory Care Coalition
Vicki Purgavie, Home Care Alliance of Maine
Ronald Welch, Maine Association of Mental Health Services
Becky Brush, Maine Pharmacy Association

We note with regret the death of Bob Philbrook, long time advocate for health care for low-income individuals and an important member of the MaineCare Advisory Committee.

Future Plans

Merger with the Department of Behavioral and Developmental Services

Governor John Baldacci began the long process of merging the Department of Human Services and the Department of Behavioral and Developmental Services, in June 2003 with the establishment and first meeting of the Advisory Council for the Reorganization and Unification of the Department of Human Services and the Department of Behavioral and Developmental Services. The Governor charged the group with creating a blueprint to combine and streamline two of the state's largest agencies to create efficiencies and improve services. The governor-appointed committee is made up of professionals in health care, social services, law, finance and policy.

The two Departments have worked together over the years in the administration of MaineCare benefits for members needing mental retardation, mental illness and substance abuse services. It is anticipated that detailed legislative language will be prepared and submitted for consideration by the Maine Legislature in January 2004 and that the merger will be in place by July 2004.



Coordination with Dirigo Health

Governor Baldacci proposed a comprehensive health care plan, Dirigo Health, to ensure access to medical coverage for all of Maine's uninsured within 5 years, control health care costs and improve quality of care in Maine. In June 2003, the legislature adopted the plan with two third majorities in each body.

Dirigo Health was crafted to meet the following principles for reform:

- ensure access to affordable and quality medical coverage for all Maine people, with emphasis on small businesses, their employees and families, and individuals;
 - provide for comprehensive medical benefits, including disease prevention and health promotion services;
 - establish and promote quality standards, including evidence based practices; and
 - contain health care costs by reducing the burden of bad debt and charity care and develop a State Health Plan to better manage public and private health care resources.
- in order to fully meet the health care needs of Maine.

To achieve this vision the reform plan addresses three fundamental and overlapping issues: cost, quality and access. The following highlights the aspects of the plan in which MaineCare plays a critical role:

Access: Establish the Dirigo Health Program, ensuring access to affordable and quality medical coverage for all Maine people. Access will be arranged through existing private insurance carriers and will include disease prevention and health promotion. Expand access to MaineCare for single adults without dependents to 125% of the Federal

Poverty Level and for adults with MaineCare eligible children to 200% of the poverty level.

Cost: Contain health care costs by reducing instances of bad debt and charity care and cost shifting to premium payers by ensuring access to medical coverage for all Maine people. Encourage coordinated health care spending by Maine's public purchasers.

The Department has been coordinating closely with the Governor's Office of Health Policy and Finance that is implementing the Dirigo Health Act. The Dirigo Health Program will begin enrolling members in July 2004.

Focus on Community Based Services

In October, Maine received five new grants totaling more than \$3.9 million from the U.S. Department of Health and Human Services--more than any other state applying in 2003 under the President's New Freedom initiative, a nationwide effort to remove barriers to community living for people of all ages with disabilities and long-term illnesses.

Like the \$2.3 million Real Choice Systems Change federal grant awarded in 2001, these newly funded projects build on many of the recommendations made by Maine's Work Group for Community-Based Living, a consumer task force convened in May 2000 by the DHS in collaboration with BDS, Labor, Education, and Corrections.

The Work Group, charged with developing the State's response to the Supreme Court's Olmstead decision, presented its Roadmap for Change to the Commissioners in October, receiving from them their unanimous endorsement of the interdepartmental vision and recommendations for achieving community integration. The commissioners agreed to continue collaborating with the Work Group as a cross-disability consumer advisory board. In 2004, the Work Group and departmental representatives will work to guide Maine's Real Choice Systems Change grant through its third and final year, including planning for project sustainability and project evaluation. The Work Group will also work collaboratively with departments, as needed, to implement the new grant activities under the President's New Freedom Initiative.

One new grant of \$1.4 million will be used by the Governor's Office of Health Policy and Finance to provide health care coverage under Dirigo for direct service community workers and to enhance the recruitment and retention of workers who provide personal assistance to people needing help with activities of daily living. The other four grants, together total more than \$ 2.5 million, share the common goal of improving home and community-based services for older adults or those with physical or mental disabilities. Grant funds will be used by the Departments of Human Services, and Behavioral and Developmental Services to (1) improve coordination of quality management systems, (2) support choice and control for adults with MR or autism, (3) apply the principle of "money following the person" by adapting a standardized individual assessment and budgeting tool, and (4) improve information about and access to long-term supports.



Maine Department of Human Services
Bureau of Medical Services